

TITAN INTERNATIONAL INC
Form 10-Q/A
November 09, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For Quarterly Period Ended: March 31, 2011

OR

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 1-12936

TITAN INTERNATIONAL, INC.

(Exact name of Registrant as specified in its Charter)

Illinois
(State of Incorporation)

36-3228472
(I.R.S. Employer Identification No.)

2701 Spruce Street, Quincy, IL 62301
(Address of principal executive offices, including Zip Code)

(217) 228-6011
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|--------------------------|---------------------------|-------------------------------------|
| Large accelerated filer | <input type="checkbox"/> | Accelerated filer | <input checked="" type="checkbox"/> |
| Non-accelerated filer (Do not check if a smaller reporting company) | <input type="checkbox"/> | Smaller reporting company | <input type="checkbox"/> |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

| Class | Shares Outstanding at April 21, 2011 |
|--------------------------------------|---|
| Common stock, no par value per share | 42,072,631 |

EXPLANATORY NOTE

This Form 10-Q/A amends the Quarterly Report on Form 10-Q of Titan International, Inc. (Titan or the Company) for the quarter ended March 31, 2011, which was filed with the Securities and Exchange Commission (SEC) on April 27, 2011. This Form 10-Q/A is being filed to restate the financial statements to correct an error of \$9.8 million in the recorded value of Titan's Generation 1 super giant tires as of December 31, 2010. For more information on this restatement, please refer to Part I, Item 4 – Controls and Procedures and Note 2 of the Notes to Consolidated Condensed Financial Statements.

For the convenience of the reader, this Form 10-Q/A sets forth the Company's original Form 10-Q as filed with the SEC on April 27, 2011 in its entirety, as amended by, and to reflect, the restatement. No attempt has been made in this Form 10-Q/A to update other disclosures presented in the original Form 10-Q, except as required to reflect the effects of the restatement. Accordingly, this Form 10-Q/A should be read in conjunction with Titan's filings made with the SEC subsequent to the filing of the Form 10-Q, including any amendments to those filings.

The following items have been amended as a result of this restatement:

- Part I, Item 1, Financial Statements
- Part I, Item 4, Controls and Procedures

TITAN INTERNATIONAL, INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

TITAN INTERNATIONAL, INC.
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS (UNAUDITED)
(Amounts in thousands, except earnings per share data)

| | Three months ended March 31, | |
|--|---------------------------------|-----------|
| | 2011 | 2010 |
| Net sales | \$280,829 | \$196,448 |
| Cost of sales | 224,557 | 170,361 |
| Gross profit | 56,272 | 26,087 |
| Selling, general and administrative expenses | 25,293 | 11,809 |
| Research and development expenses | 1,183 | 2,027 |
| Royalty expense | 2,917 | 2,121 |
| Income from operations | 26,879 | 10,130 |
| Interest expense | (6,280) | (7,056) |
| Noncash convertible debt conversion charge | (16,135) | 0 |
| Other income | 193 | 333 |
| Income before income taxes | 4,657 | 3,407 |
| Provision for income taxes | 7,693 | 1,329 |
| Net income (loss) | \$(3,036) | \$2,078 |
| Earnings (loss) per common share: | | |
| Basic | \$(.07) | \$.06 |
| Diluted | (.07) | .06 |
| Average common shares outstanding: | | |
| Basic | 40,511 | 34,772 |
| Diluted | 40,511 | 35,329 |
| Dividends declared per common share: | \$.005 | \$.005 |

See accompanying Notes to Consolidated Condensed Financial Statements.

TITAN INTERNATIONAL, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS (UNAUDITED)
(Amounts in thousands, except share data)

| | March 31, 2011 As Restated | December 31, 2010 As Restated |
|---|----------------------------------|--|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$230,048 | \$239,500 |
| Accounts receivable | 139,025 | 89,004 |
| Inventories | 123,840 | 118,143 |
| Deferred income taxes | 16,040 | 16,040 |
| Prepaid and other current assets | 18,031 | 18,663 |
| Total current assets | 526,984 | 481,350 |
| Property, plant and equipment, net | 242,064 | 248,054 |
| Other assets | 49,332 | 51,476 |
| Total assets | \$818,380 | \$780,880 |
| Liabilities and Stockholders' Equity | | |
| Current liabilities | | |
| Accounts payable | \$45,186 | \$35,281 |
| Other current liabilities | 65,547 | 57,072 |
| Total current liabilities | 110,733 | 92,353 |
| Long-term debt | 312,881 | 373,564 |
| Deferred income taxes | 9,079 | 1,664 |
| Other long-term liabilities | 41,114 | 41,268 |
| Total liabilities | 473,807 | 508,849 |
| Stockholders' equity | | |
| Common stock(no par, 120,000,000 shares authorized, 44,092,997 and 37,475,288 issued, respectively) | 37 | 30 |
| Additional paid-in capital | 375,746 | 300,540 |
| Retained earnings | 6,498 | 9,744 |
| Treasury stock (at cost, 2,076,040 and 2,108,561 shares, respectively) | (19,033) | (19,324) |
| Treasury stock reserved for deferred compensation | (1,233) | (1,917) |
| Accumulated other comprehensive loss | (17,442) | (17,042) |
| Total stockholders' equity | 344,573 | 272,031 |
| Total liabilities and stockholders' equity | \$818,380 | \$780,880 |

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See accompanying Notes to Consolidated Condensed Financial Statements.

TITAN INTERNATIONAL, INC.
CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)
(Amounts in thousands, except share data)

| | Number of common shares | Common Stock | Additional paid-in capital | Retained earnings | Treasury stock | Treasury stock reserved for deferred compensation | Accumulated other comprehensive income (loss) | Total |
|--|-------------------------------|-----------------|----------------------------------|----------------------|-------------------|--|---|-----------|
| Balance January 1, 2011 (As Restated) | #35,366,727 | \$30 | \$ 300,540 | \$9,744 | \$(19,324) | \$ (1,917) | \$ (17,042) | \$272,031 |
| Comprehensive income (loss): | | | | | | | | |
| Net loss | | | | (3,036) | | | | (3,036) |
| Pension liability adjustments, net of tax | | | | | | | 593 | 593 |
| Unrealized loss on investment, net of tax | | | | | | | (993) | (993) |
| Comprehensive loss | | | | | | | | (3,436) |
| Dividends on common stock | | | | (210) | | | | (210) |
| Note conversion | 6,617,709 | 7 | 73,902 | | | | | 73,909 |
| Exercise of stock options | 26,125 | | (4) | | 234 | | | 230 |
| Stock-based compensation | | | 393 | | | | | 393 |
| Deferred compensation transactions | | | 846 | | | 684 | | 1,530 |
| Issuance of treasury stock under 401(k) plan | 6,396 | | 69 | | 57 | | | 126 |
| Balance March 31, 2011 (As Restated) | #42,016,957 | \$37 | \$ 375,746 | \$6,498 | \$(19,033) | \$ (1,233) | \$ (17,442) | \$344,573 |

See accompanying Notes to Consolidated Condensed Financial Statements.

TITAN INTERNATIONAL, INC.
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)
(Amounts in thousands)

| | Three months ended March 31, | |
|---|---------------------------------|-----------|
| | 2011 | 2010 |
| Cash flows from operating activities: | | |
| Net income (loss) | \$(3,036) | \$2,078 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 9,299 | 9,281 |
| Deferred income tax provision | 7,415 | 1,275 |
| Noncash convertible debt conversion charge | 16,135 | 0 |
| Stock-based compensation | 393 | 0 |
| Issuance of treasury stock under 401(k) plan | 126 | 123 |
| (Increase) decrease in assets: | | |
| Accounts receivable | (50,021) | (34,789) |
| Inventories | (5,697) | (19,462) |
| Prepaid and other current assets | 632 | 3,099 |
| Other assets | 10 | 46 |
| Increase in liabilities: | | |
| Accounts payable | 9,905 | 22,432 |
| Other current liabilities | 8,442 | 4,413 |
| Other liabilities | 802 | 1,365 |
| Net cash used for operating activities | (5,595) | (10,139) |
| Cash flows from investing activities: | | |
| Capital expenditures | (3,469) | (3,508) |
| Other | 623 | 42 |
| Net cash used for investing activities | (2,846) | (3,466) |
| Cash flows from financing activities: | | |
| Repurchase of senior unsecured notes | (1,064) | 0 |
| Proceeds from exercise of stock options | 230 | 0 |
| Payment of financing fees | 0 | (186) |
| Dividends paid | (177) | (176) |
| Net cash used for financing activities | (1,011) | (362) |
| Net decrease in cash and cash equivalents | (9,452) | (13,967) |
| Cash and cash equivalents at beginning of period | 239,500 | 229,182 |
| Cash and cash equivalents at end of period | \$230,048 | \$215,215 |

See accompanying Notes to Consolidated Condensed Financial Statements.

TITAN INTERNATIONAL, INC
Notes to Consolidated Condensed Financial Statements
(Unaudited)

1. ACCOUNTING POLICIES

In the opinion of Titan International, Inc. (Titan or the Company), the accompanying unaudited consolidated condensed financial statements contain all adjustments, which are normal and recurring in nature and necessary for a fair statement of the Company's financial position as of March 31, 2011, and the results of operations and cash flows for the three months ended March 31, 2011 and 2010.

Accounting policies have continued without significant change and are described in the Description of Business and Significant Accounting Policies contained in the Company's amended 2010 Annual Report on Form 10-K/A. These interim financial statements have been prepared pursuant to the Securities and Exchange Commission's rules for Form 10-Q's and, therefore, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's amended 2010 Annual Report on Form 10-K/A.

Fair value of financial instruments

The Company records all financial instruments, including cash and cash equivalents, accounts receivable, notes receivable, accounts payable, other accruals and notes payable at cost, which approximates fair value. Investments in marketable equity securities are recorded at fair value. The senior secured 7.875% notes due 2017 (senior secured notes) and convertible senior subordinated 5.625% notes due 2017 (convertible notes) are carried at cost of \$200.0 million and \$112.9 million at March 31, 2011, respectively. The fair value of these notes at March 31, 2011, as obtained through independent pricing sources, was approximately \$214.0 million for the senior secured notes and approximately \$317.8 million for the convertible notes. The increase in the fair value of the convertible notes is due primarily to the increased value of the underlying common stock.

Cash dividends

The Company declared cash dividends of \$.005 per share of common stock for each of the three months ended March 31, 2011 and 2010.

2. RESTATEMENT

In the third quarter of 2008, the Company began manufacturing the first generation (Gen 1) of its super giant tires. In the fourth quarter of 2009, the Company ceased manufacturing Gen 1 tires due to the creation of the second generation (Gen 2) of super giant tires which began production in the first quarter of 2010. During the fourth quarter of 2010, the Company recorded a \$5.1 million charge to reduce the remaining Gen 1 tire inventory to an estimated market value of \$10.6 million. In October of 2011, the Company determined that the analysis performed in the fourth quarter of 2010 that created the \$5.1 million adjustment was not reflective of all the facts and circumstances that existed at December 31, 2010. After reconsidering the facts and circumstances that existed at December 31, 2010, the Company determined that the estimated market value of the Gen 1 tires that remained as of December 31, 2010 was \$0.7 million. Accordingly, the Company is restating its consolidated financial statements as of and for the year ended December 31, 2010 to reflect an additional charge of \$9.8 million for its Gen 1 inventory.

TITAN INTERNATIONAL, INC
Notes to Consolidated Condensed Financial Statements
(Unaudited)

The following table represents the impact of the restatement adjustments on the Company's Consolidated Condensed Balance Sheets (Unaudited) as of March 31, 2011, and December 31, 2010 (amounts in thousands):

| | March 31, 2011 | | | December 31, 2010 | | |
|---|------------------------|---------------------------|------------------|------------------------|---------------------------|------------------|
| | Previously Reported | Restatement Adjustment | Restated | Previously Reported | Restatement Adjustment | Restated |
| Assets | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | \$230,048 | \$0 | \$230,048 | \$239,500 | \$0 | \$239,500 |
| Accounts receivable | 139,025 | 0 | 139,025 | 89,004 | 0 | 89,004 |
| Inventories | 133,679 | (9,839) | 123,840 | 127,982 | (9,839) | 118,143 |
| Deferred income taxes | 12,791 | 3,249 | 16,040 | 12,791 | 3,249 | 16,040 |
| Prepaid and other current assets | 18,031 | 0 | 18,031 | 18,663 | 0 | 18,663 |
| Total current assets | 533,574 | (6,590) | 526,984 | 487,940 | (6,590) | 481,350 |
| Property, plant and equipment, net | 242,064 | 0 | 242,064 | 248,054 | 0 | 248,054 |
| Other assets | 49,332 | 0 | 49,332 | 51,476 | 0 | 51,476 |
| Total assets | \$824,970 | \$(6,590) | \$818,380 | \$787,470 | \$(6,590) | \$780,880 |
| Liabilities and Stockholders' Equity | | | | | | |
| Current liabilities | | | | | | |
| Accounts payable | \$45,186 | \$0 | \$45,186 | \$35,281 | \$0 | \$35,281 |
| Other current liabilities | 65,547 | 0 | 65,547 | 57,072 | 0 | 57,072 |
| Total current liabilities | 110,733 | 0 | 110,733 | 92,353 | 0 | 92,353 |
| Long-term debt | 312,881 | 0 | 312,881 | 373,564 | 0 | 373,564 |
| Deferred income taxes | 9,385 | (306) | 9,079 | 1,970 | (306) | 1,664 |
| Other long-term liabilities | 41,114 | 0 | 41,114 | 41,268 | 0 | 41,268 |
| Total liabilities | 474,113 | (306) | 473,807 | 509,155 | (306) | 508,849 |
| Stockholders' equity | | | | | | |
| Common stock | 37 | 0 | 37 | 30 | 0 | 30 |
| Additional paid-in capital | 375,746 | 0 | 375,746 | 300,540 | 0 | 300,540 |
| Retained earnings | 12,782 | (6,284) | 6,498 | 16,028 | (6,284) | 9,744 |
| Treasury stock | (19,033) | 0 | (19,033) | (19,324) | 0 | (19,324) |
| Treasury stock reserved for contractual obligations | (1,233) | 0 | (1,233) | (1,917) | 0 | (1,917) |
| Accumulated other comprehensive loss | (17,442) | 0 | (17,442) | (17,042) | 0 | (17,042) |
| Total stockholders' equity | 350,857 | (6,284) | 344,573 | 278,315 | (6,284) | 272,031 |
| | \$824,970 | \$(6,590) | \$818,380 | \$787,470 | \$(6,590) | \$780,880 |

Total liabilities and
stockholders' equity

All amounts in the Notes to Consolidated Condensed Financial Statements (Unaudited) affected by the restatements have been labeled as restated.

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TITAN INTERNATIONAL, INC
Notes to Consolidated Condensed Financial Statements
(Unaudited)

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following (in thousands):

| | March 31, 2011 | December 31, 2010 |
|---------------------------------|-------------------|-------------------------|
| Accounts receivable | \$143,258 | \$92,893 |
| Allowance for doubtful accounts | (4,233) | (3,889) |
| Accounts receivable, net | \$139,025 | \$89,004 |

4. INVENTORIES

Inventories consisted of the following (in thousands):

| | March 31, 2011 As Restated | December 31, 2010 As Restated |
|--------------------------|----------------------------------|--|
| Raw materials | \$54,169 | \$56,414 |
| Work-in-process | 18,103 | 16,860 |
| Finished goods | 54,171 | 49,841 |
| | 126,443 | 123,115 |
| Adjustment to LIFO basis | (2,603) | (4,972) |
| | \$123,840 | \$118,143 |

At March 31, 2011, cost is determined using the first-in, first-out (FIFO) method for approximately 63% of inventories and the last-in, first-out (LIFO) method for approximately 37% of the inventories. At December 31, 2010, the FIFO method was used for approximately 61% of inventories and LIFO was used for approximately 39% of the inventories.

5. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net consisted of the following (in thousands):

| | March 31, 2011 | December 31, 2010 |
|-------------------------------|-------------------|-------------------------|
| Land and improvements | \$3,061 | \$3,061 |
| Buildings and improvements | 98,234 | 98,233 |
| Machinery and equipment | 385,153 | 383,231 |
| Tools, dies and molds | 84,901 | 84,134 |
| Construction-in-process | 8,040 | 8,741 |
| | 579,389 | 577,400 |
| Less accumulated depreciation | (337,325) | (329,346) |
| | \$242,064 | \$248,054 |

Depreciation on fixed assets for the three months ended March 31, 2011 and 2010, totaled \$8.8 million and \$8.6 million, respectively.

TITAN INTERNATIONAL, INC
Notes to Consolidated Condensed Financial Statements
(Unaudited)

6. INVESTMENT IN TITAN EUROPE PLC

Investment in Titan Europe Plc consisted of the following (in thousands):

| | March 31, 2011 | December 31, 2010 |
|--------------------------------|-------------------|-------------------------|
| Investment in Titan Europe Plc | \$21,165 | \$22,693 |

Titan Europe Plc is publicly traded on the AIM market in London, England. The Company's investment in Titan Europe represents a 22.9% ownership percentage. The Company has considered the applicable guidance in Accounting Standards Codification (ASC) 323 Investments – Equity Method and Joint Ventures and has concluded that the Company's investment in Titan Europe Plc should be accounted for as an available-for-sale security and recorded at fair value in accordance with ASC 320 Investments – Debt and Equity Securities as the Company does not have significant influence over Titan Europe Plc. The investment in Titan Europe Plc is included as a component of other assets on the Consolidated Condensed Balance Sheets. Titan's cost basis in Titan Europe is \$5.0 million. Titan's accumulated other comprehensive income includes a gain on the Titan Europe Plc investment of \$10.5 million, which is net of tax of \$5.6 million. The decreased value in the Titan Europe Plc investment at March 31, 2011, was due primarily to a lower publicly quoted Titan Europe Plc market price.

7. WARRANTY

Changes in the warranty liability consisted of the following (in thousands):

| | 2011 | 2010 |
|------------------------------------|----------|----------|
| Warranty liability, January 1 | \$12,471 | \$9,169 |
| Provision for warranty liabilities | 5,256 | 3,629 |
| Warranty payments made | (3,743) | (3,377) |
| Warranty liability, March 31 | \$13,984 | \$9,421 |

The Company provides limited warranties on workmanship on its products in all market segments. The majority of the Company's products have a limited warranty that ranges from zero to ten years, with certain products being prorated after the first year. The Company calculates a provision for warranty expense based on past warranty experience. Warranty accruals are included as a component of other current liabilities on the Consolidated Condensed Balance Sheets.

8. REVOLVING CREDIT FACILITY AND LONG-TERM DEBT

Long-term debt consisted of the following (in thousands):

| | March 31, 2011 | December 31, 2010 |
|--|-------------------|-------------------------|
| 7.875% senior notes due 2017 | \$200,000 | \$200,000 |
| 5.625% convertible senior notes due 2017 | 112,881 | 172,500 |
| 8% senior unsecured notes due January 2012 | 0 | 1,064 |
| | 312,881 | 373,564 |
| Less: Amounts due within one year | 0 | 0 |
| | \$312,881 | \$373,564 |

TITAN INTERNATIONAL, INC
Notes to Consolidated Condensed Financial Statements
(Unaudited)

Aggregate maturities of long-term debt at March 31, 2011, were as follows (in thousands):

| | |
|-----------------------------|------------------|
| April 1 – December 31, 2011 | \$0 |
| 2012 | 0 |
| 2013 | 0 |
| 2014 | 0 |
| 2015 | 0 |
| Thereafter | 312,881 |
| | \$312,881 |

7.875% senior secured notes due 2017

The Company's 7.875% senior secured notes (senior secured notes) are due October 2017. These notes are secured by the land and buildings of the following subsidiaries of the Company: Titan Tire Corporation, Titan Wheel Corporation of Illinois, Titan Tire Corporation of Freeport, and Titan Tire Corporation of Bryan. The Company's senior secured notes outstanding balance was \$200.0 million at March 31, 2011.

5.625% convertible senior subordinated notes due 2017

The Company's 5.625% convertible senior subordinated notes (convertible notes) are due January 2017. The initial base conversion rate for the convertible notes is 93.0016 shares of Titan common stock per \$1,000 principal amount of convertible notes, equivalent to an initial base conversion price of approximately \$10.75 per share of Titan common stock. If the price of Titan common stock at the time of determination exceeds the base conversion price, the base conversion rate will be increased by an additional number of shares (up to 9.3002 shares of Titan common stock per \$1,000 principal amount of convertible notes) as determined pursuant to a formula described in the indenture. The base conversion rate will be subject to adjustment in certain events. The Company's convertible notes balance was \$112.9 million at March 31, 2011.

In the first quarter of 2011, the Company closed an Exchange Agreement with a note holder of the convertible notes, pursuant to which such holder converted approximately \$59.6 million in aggregate principal amount of the Convertible Notes into approximately 6.6 million shares of the Company's common stock, plus a payment for the accrued and unpaid interest. In connection with the exchange, the Company recognized a noncash charge of \$16.1 million in accordance with ASC 470-20 Debt – Debt with Conversion and Other Options.

8% senior unsecured notes due 2012

In the first quarter of 2011, Titan satisfied and discharged the indenture relating to the 8% senior unsecured notes due January 2012 by depositing with the trustee \$1.1 million cash representing the outstanding principal of such notes and interest payments due on July 15, 2011, and at maturity on January 15, 2012. Titan irrevocably instructed the trustee to apply the deposited money toward the interest and principal of the notes.

Revolving credit facility

The Company's \$100 million revolving credit facility (credit facility) with agent Bank of America, N.A. has a January 2014 termination date and is collateralized by the accounts receivable and inventory of Titan and certain of its domestic subsidiaries. During the first quarter of 2011 and at March 31, 2011, there were no borrowings under the credit facility. The credit facility contains certain financial covenants, restrictions and other customary affirmative and negative covenants. Titan is in compliance with these covenants and restrictions as of March 31, 2011.

TITAN INTERNATIONAL, INC
Notes to Consolidated Condensed Financial Statements
(Unaudited)

9. LEASE COMMITMENTS

The Company leases certain buildings and equipment under operating leases. Certain lease agreements provide for renewal options, fair value purchase options, and payment of property taxes, maintenance and insurance by the Company.

At March 31, 2011, future minimum commitments under noncancellable operating leases with initial or remaining terms of at least one year were as follows (in thousands):

| | |
|-------------------------------------|-------|
| April 1 – December 31, 2011 | \$370 |
| 2012 | 79 |
| 2013 | 18 |
| 2014 | 1 |
| Thereafter | 0 |
| Total future minimum lease payments | \$468 |

10. EMPLOYEE BENEFIT PLANS

The Company has three frozen defined benefit pension plans and one defined benefit plan that previously purchased a final annuity settlement. The Company also sponsors four 401(k) retirement savings plans. The Company expects to contribute approximately \$2 million to the pension plans during the remainder of 2011.

The components of net periodic pension cost consisted of the following (in thousands):

| | Three months ended March 31, | |
|---|---------------------------------|----------|
| | 2011 | 2010 |
| Interest cost | \$1,272 | \$1,300 |
| Expected return on assets | (1,315) | (1,227) |
| Amortization of unrecognized prior service cost | 34 | 34 |
| Amortization of unrecognized deferred taxes | (14) | (14) |
| Amortization of net unrecognized loss | 936 | 907 |
| Net periodic pension cost | \$913 | \$1,000 |

11. ROYALTY EXPENSE

The Company has a trademark license agreement with The Goodyear Tire & Rubber Company to manufacture and sell certain off-highway tires in North America under the Goodyear name. Royalty expenses recorded were \$2.9 million and \$2.1 million for the first quarter of 2011 and 2010, respectively.

TITAN INTERNATIONAL, INC
Notes to Consolidated Condensed Financial Statements
(Unaudited)

12. OTHER INCOME

Other income consisted of the following (in thousands):

| | Three months ended March 31, | |
|--|---------------------------------|-------|
| | 2011 | 2010 |
| Investment gain on marketable securities | \$93 | \$196 |
| Interest income | 145 | 94 |
| Other income (expense) | (45) | 43 |
| | \$193 | \$333 |

13. INCOME TAXES

The Company recorded income tax expense of \$7.7 million and \$1.3 million for the quarters ended March 31, 2011 and 2010, respectively. The Company's effective income tax rate was 165% and 39% for the three months ended March 31, 2011 and 2010, respectively. The Company's 2011 income tax expense and rate differs from the amount of income tax determined by applying the U.S. Federal income tax rate to pre-tax income primarily as a result of the \$16.1 million noncash charge taken in connection with the Company's convertible debt. This noncash charge is not deductible for income tax purposes.

14. COMPREHENSIVE INCOME (LOSS)

Comprehensive income (loss) consisted of the following (in thousands):

| | Three months ended March 31, | |
|---|---------------------------------|---------|
| | 2011 | 2010 |
| Net income (loss) | \$(3,036) | \$2,078 |
| Unrealized loss on investment, net of tax | (993) | (918) |
| Pension liability adjustments, net of tax | 593 | 575 |
| | \$(3,436) | \$1,735 |

TITAN INTERNATIONAL, INC
Notes to Consolidated Condensed Financial Statements
(Unaudited)

15. SEGMENT INFORMATION

The table below presents information about certain revenues and income from operations used by the chief operating decision maker of the Company for the three months ended March 31, 2011 and 2010 (in thousands):

| | Three months ended March 31, | |
|--|---------------------------------|-----------|
| | 2011 | 2010 |
| Revenues from external customers | | |
| Agricultural | \$209,997 | \$151,112 |
| Earthmoving/construction | 66,511 | 41,815 |
| Consumer | 4,321 | 3,521 |
| | \$280,829 | \$196,448 |
| Gross profit | | |
| Agricultural | \$47,700 | \$23,890 |
| Earthmoving/construction | 8,195 | 3,150 |
| Consumer | 1,002 | 668 |
| Unallocated corporate | (625) | (1,621) |
| | \$56,272 | \$26,087 |
| Income from operations | | |
| Agricultural | \$42,868 | \$19,955 |
| Earthmoving/construction | 6,288 | 690 |
| Consumer | 916 | 581 |
| Unallocated corporate | (23,193) | (11,096) |
| Consolidated income from operations | 26,879 | 10,130 |
| Interest expense | (6,280) | (7,056) |
| Noncash convertible debt conversion charge | (16,135) | 0 |
| Other income, net | 193 | 333 |
| Income before income taxes | \$4,657 | \$3,407 |

Assets by segment were as follows (in thousands):

| | March 31, | December 31, |
|--------------------------|-------------|-----------------|
| | 2011 | 2010 |
| Total Assets | As Restated | As Restated |
| Agricultural | \$347,432 | \$304,048 |
| Earthmoving/construction | 183,437 | 171,410 |
| Consumer | 9,239 | 5,863 |
| Unallocated corporate | 278,272 | 299,559 |
| Consolidated totals | \$818,380 | \$780,880 |

TITAN INTERNATIONAL, INC
Notes to Consolidated Condensed Financial Statements
(Unaudited)

16. EARNINGS PER SHARE

Earnings per share (EPS) were as follows (amounts in thousands, except per share data):

| | Three months ended | | | | | |
|--------------------------------|--------------------|-------------------------------|---------------------|----------------|-------------------------------|---------------------|
| | March 31, 2011 | | | March 31, 2010 | | |
| | Net Loss | Weighted average shares | Per share amount | Net Income | Weighted average shares | Per share amount |
| Basic EPS | \$(3,036) | 40,511 | \$(.07) | \$2,078 | 34,772 | \$.06 |
| Effect of stock options/trusts | 0 | 0 | | 0 | 557 | |
| Diluted EPS | \$(3,036) | 40,511 | \$(.07) | \$2,078 | 35,329 | \$.06 |

The effect of convertible notes has been excluded for both of the three months ended March 31, 2011 and 2010, as the effect would have been antidilutive. The weighted average share amount excluded for convertible notes totaled 12.3 million shares and 16.0 million shares for the three months ended March 31, 2011 and 2010, respectively.

The effect of stock options/trusts has been excluded for the three months ended March 31, 2011, as the effect would have been antidilutive. The weighted average share amount excluded was 0.3 million shares.

17. FAIR VALUE MEASUREMENTS

ASC 820 Fair Value Measurements establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers are defined as:

Level 1 – Quoted prices in active markets for identical instruments;

Level 2 – Inputs other than quoted prices in active markets that are either directly or indirectly observable.

Level 3 – Unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Assets and liabilities measured at fair value on a recurring basis consisted of the following (in thousands):

| | March 31, 2011 | | | December 31, 2010 | | |
|-------------------------------------|----------------|----------|------------|-------------------|----------|------------|
| | Total | Level 1 | Levels 2&3 | Total | Level 1 | Levels 2&3 |
| Investment in Titan Europe Plc | \$21,165 | \$21,165 | \$0 | \$22,693 | \$22,693 | \$0 |
| Investment in marketable securities | 12,791 | 12,791 | 0 | 11,168 | 11,168 | 0 |
| Total | \$33,956 | \$33,956 | \$0 | \$33,861 | \$33,861 | \$0 |

18. LITIGATION

The Company is a party to routine legal proceedings arising out of the normal course of business. Although it is not possible to predict with certainty the outcome of these unresolved legal actions or the range of possible loss, the Company believes at this time that none of these actions, individually or in the aggregate, will have a material adverse effect on the consolidated financial condition, results of operations or cash flows of the Company. However, due to the difficult nature of predicting unresolved and future legal claims, the Company cannot anticipate or predict the material adverse effect on its consolidated financial condition, results of operations or cash flows as a result of efforts to comply with or its liabilities pertaining to legal judgments.

TITAN INTERNATIONAL, INC
Notes to Consolidated Condensed Financial Statements
(Unaudited)

19. RECENTLY ISSUED ACCOUNTING STANDARDS

There have been no developments to recently issued accounting standards, including the expected dates of adoption and estimated effects on the Company's consolidated financial statements, from those disclosed in the Company's 2010 Annual Report on Form 10-K.

20. SUBSEQUENT EVENTS

Purchase of Goodyear's Latin American Farm Tire Business

On April 1, 2011, Titan closed on the acquisition of The Goodyear Tire & Rubber Company's Latin American farm tire business for approximately \$98.6 million U.S. dollars, subject to post-closing conditions and adjustments. The transaction includes Goodyear's Sao Paulo, Brazil manufacturing plant, property, equipment and inventories and a licensing agreement that allows Titan to sell Goodyear-brand farm tires in Latin America for seven years and extends the North American licensing agreement for seven years.

TITAN INTERNATIONAL, INC
Notes to Consolidated Condensed Financial Statements
(Unaudited)

21. SUBSIDIARY GUARANTOR FINANCIAL INFORMATION

The Company's 5.625% convertible senior subordinated notes are guaranteed by the following subsidiaries of the Company: Titan Tire Corporation, Titan Tire Corporation of Bryan, Titan Tire Corporation of Freeport, Titan Tire Corporation of Texas, Titan Wheel Corporation of Illinois, and Titan Wheel Corporation of Virginia. The note guarantees are full and unconditional, joint and several obligations of the guarantors. The following condensed consolidating financial statements are presented using the equity method of accounting. Certain sales & marketing expenses recorded by non-guarantor subsidiaries have not been allocated to the guarantor subsidiaries.

Consolidating Condensed Statements of Operations

(Amounts in thousands)

For the Three Months Ended March 31, 2011

| | Titan Intl., Inc. (Parent) | Guarantor Subsidiaries | Non- Guarantor Subsidiaries | Eliminations | Consolidated |
|--|----------------------------------|---------------------------|-----------------------------------|--------------|--------------|
| Net sales | \$0 | \$280,829 | \$0 | \$0 | \$280,829 |
| Cost of sales | 361 | 223,754 | 442 | 0 | 224,557 |
| Gross profit (loss) | (361) | 57,075 | (442) | 0 | 56,272 |
| Selling, general and administrative expenses | 15,405 | 2,725 | 7,163 | 0 | 25,293 |
| Research and development expenses | 0 | 1,183 | 0 | 0 | 1,183 |
| Royalty expense | 0 | 2,917 | 0 | 0 | 2,917 |
| Income (loss) from operations | (15,766) | 50,250 | (7,605) | 0 | 26,879 |
| Interest expense | (6,280) | 0 | 0 | 0 | (6,280) |
| Noncash convertible debt conversion charge | (16,135) | 0 | 0 | 0 | (16,135) |
| Other income (expense) | 317 | (202) | 78 | 0 | 193 |
| Income (loss) before income taxes | (37,864) | 50,048 | (7,527) | 0 | 4,657 |
| Provision (benefit) for income taxes | (8,039) | 18,518 | (2,786) | 0 | 7,693 |
| Equity in earnings of subsidiaries | 26,789 | (60) | 60 | (26,789) | 0 |
| Net income (loss) | \$(3,036) | \$31,470 | \$(4,681) | \$(26,789) | \$(3,036) |

Consolidating Condensed Statements of Operations

(Amounts in thousands)

For the Three Months Ended March 31, 2010

| | Titan Intl., Inc. (Parent) | Guarantor Subsidiaries | Non- Guarantor Subsidiaries | Eliminations | Consolidated |
|--|----------------------------------|---------------------------|-----------------------------------|--------------|--------------|
| Net sales | \$0 | \$196,448 | \$0 | \$0 | \$196,448 |
| Cost of sales | 1,324 | 168,550 | 487 | 0 | 170,361 |
| Gross profit (loss) | (1,324) | 27,898 | (487) | 0 | 26,087 |
| Selling, general and administrative expenses | 4,864 | 2,334 | 4,611 | 0 | 11,809 |
| Research and development expenses | 0 | 2,027 | 0 | 0 | 2,027 |
| Royalty expense | 0 | 2,121 | 0 | 0 | 2,121 |
| Income (loss) from operations | (6,188) | 21,416 | (5,098) | 0 | 10,130 |
| Interest expense | (7,056) | 0 | 0 | 0 | (7,056) |

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| | | | | | | | | | |
|--------------------------------------|---------|-----|----------|--------|----------|-------|----------|---|---------|
| Other income (expense) | 290 | (2 |) | 45 | 0 | 333 | | | |
| Income (loss) before income taxes | (12,954 |) | 21,414 | (5,053 |) | 3,407 | | | |
| Provision (benefit) for income taxes | (5,052 |) | 8,352 | (1,971 |) | 1,329 | | | |
| Equity in earnings of subsidiaries | 9,980 | (88 |) | 88 | (9,980 |) | 0 | | |
| Net income (loss) | \$2,078 | | \$12,974 | | \$(2,994 |) | \$(9,980 |) | \$2,078 |

TITAN INTERNATIONAL, INC
Notes to Consolidated Condensed Financial Statements
(Unaudited)

Consolidating Condensed Balance Sheets

(Amounts in thousands)

| | March 31, 2011 | | | | |
|---|---|--|-----------------------------------|-----------------------------|-----------------------------|
| | Titan Intl., Inc. (Parent) As Restated | Guarantor Subsidiaries As Restated | Non- Guarantor Subsidiaries | Eliminations As Restated | Consolidated As Restated |
| Assets | | | | | |
| Cash and cash equivalents | \$ 229,924 | \$ 7 | \$ 117 | \$ 0 | \$ 230,048 |
| Accounts receivable | 0 | 139,025 | 0 | 0 | 139,025 |
| Inventories | 0 | 123,840 | 0 | 0 | 123,840 |
| Prepaid and other current assets | 17,312 | 16,389 | 370 | 0 | 34,071 |
| Total current assets | 247,236 | 279,261 | 487 | 0 | 526,984 |
| Property, plant and equipment, net | 7,667 | 229,385 | 5,012 | 0 | 242,064 |
| Investment in subsidiaries | 55,854 | 9,057 | 20 | (64,931) | 0 |
| Other assets | 21,573 | 1,060 | 26,699 | 0 | 49,332 |
| Total assets | \$ 332,330 | \$ 518,763 | \$ 32,218 | \$ (64,931) | \$ 818,380 |
| Liabilities and Stockholders' Equity | | | | | |
| Accounts payable | \$ 790 | \$ 44,006 | \$ 390 | \$ 0 | \$ 45,186 |
| Other current liabilities | 20,332 | 42,860 | 2,355 | 0 | 65,547 |
| Total current liabilities | 21,122 | 86,866 | 2,745 | 0 | 110,733 |
| Long-term debt | 312,881 | 0 | 0 | 0 | 312,881 |
| Other long-term liabilities | 16,674 | 27,671 | 5,848 | 0 | 50,193 |
| Intercompany accounts | (362,920) | 186,012 | 176,908 | 0 | 0 |
| Stockholders' equity | 344,573 | 218,214 | (153,283) | (64,931) | 344,573 |
| Total liabilities and stockholders' equity | \$ 332,330 | \$ 518,763 | \$ 32,218 | \$ (64,931) | \$ 818,380 |

Consolidating Condensed Balance Sheets

(Amounts in thousands)

| | December 31, 2010 | | | | |
|------------------------------------|---|--|-----------------------------------|-----------------------------|-----------------------------|
| | Titan Intl., Inc. (Parent) As Restated | Guarantor Subsidiaries As Restated | Non- Guarantor Subsidiaries | Eliminations As Restated | Consolidated As Restated |
| Assets | | | | | |
| Cash and cash equivalents | \$ 239,362 | \$ 6 | \$ 132 | \$ 0 | \$ 239,500 |
| Accounts receivable | 0 | 89,004 | 0 | 0 | 89,004 |
| Inventories | 0 | 118,143 | 0 | 0 | 118,143 |
| Prepaid and other current assets | 17,981 | 16,240 | 482 | 0 | 34,703 |
| Total current assets | 257,343 | 223,393 | 614 | 0 | 481,350 |
| Property, plant and equipment, net | 7,678 | 235,143 | 5,233 | 0 | 248,054 |
| Investment in subsidiaries | 33,464 | 9,057 | 20 | (42,541) | 0 |
| Other assets | 22,183 | 869 | 28,424 | 0 | 51,476 |
| Total assets | \$ 320,668 | \$ 468,462 | \$ 34,291 | \$ (42,541) | \$ 780,880 |

| Liabilities and Stockholders' Equity | | | | | |
|--|------------|------------|------------|--------------|------------|
| Accounts payable | \$ 1,406 | \$ 33,473 | \$ 402 | \$ 0 | \$ 35,281 |
| Other current liabilities | 16,066 | 39,186 | 1,820 | 0 | 57,072 |
| Total current liabilities | 17,472 | 72,659 | 2,222 | 0 | 92,353 |
| Long-term debt | 373,564 | 0 | 0 | 0 | 373,564 |
| Other long-term liabilities | 8,855 | 28,083 | 5,994 | 0 | 42,932 |
| Intercompany accounts | (351,254) | 174,326 | 176,928 | 0 | 0 |
| Stockholders' equity | 272,031 | 193,394 | (150,853) | (42,541) | 272,031 |
| Total liabilities and stockholders' equity | \$ 320,668 | \$ 468,462 | \$ 34,291 | \$ (42,541) | \$ 780,880 |

TITAN INTERNATIONAL, INC
Notes to Consolidated Condensed Financial Statements
(Unaudited)

Consolidating Condensed Statements of Cash Flows

(Amounts in thousands)

For the Three Months Ended March 31, 2011

| | Titan Intl., Inc. (Parent) | Guarantor Subsidiaries | Non- Guarantor Subsidiaries | Consolidated |
|--|----------------------------------|---------------------------|-----------------------------------|--------------|
| Net cash provided by (used for) operating activities | \$(8,115) | \$2,487 | \$33 | \$ (5,595) |
| Cash flows from investing activities: | | | | |
| Capital expenditures | (312) | (3,100) | (57) | (3,469) |
| Other, net | 0 | 614 | 9 | 623 |
| Net cash used for investing activities | (312) | (2,486) | (48) | (2,846) |
| Cash flows from financing activities: | | | | |
| Repurchase of senior unsecured notes | (1,064) | 0 | 0 | (1,064) |
| Proceeds from exercise of stock options | 230 | 0 | 0 | 230 |
| Dividends paid | (177) | 0 | 0 | (177) |
| Net cash used for financing activities | (1,011) | 0 | 0 | (1,011) |
| Net increase (decrease) in cash and cash equivalents | (9,438) | 1 | (15) | (9,452) |
| Cash and cash equivalents, beginning of period | 239,362 | 6 | 132 | 239,500 |
| Cash and cash equivalents, end of period | \$229,924 | \$7 | \$117 | \$230,048 |

Consolidating Condensed Statements of Cash Flows

(Amounts in thousands)

For the Three Months Ended March 31, 2010

| | Titan Intl., Inc. (Parent) | Guarantor Subsidiaries | Non- Guarantor Subsidiaries | Consolidated |
|--|----------------------------------|---------------------------|-----------------------------------|--------------|
| Net cash provided by (used for) operating activities | \$(13,596) | \$3,427 | \$30 | \$ (10,139) |
| Cash flows from investing activities: | | | | |
| Capital expenditures | 0 | (3,460) | (48) | (3,508) |
| Other, net | 0 | 37 | 5 | 42 |
| Net cash used for investing activities | 0 | (3,423) | (43) | (3,466) |
| Cash flows from financing activities: | | | | |
| Payment of financing fees | (186) | 0 | 0 | (186) |
| Dividends paid | (176) | 0 | 0 | (176) |
| Net cash used for financing activities | (362) | 0 | 0 | (362) |
| Net increase (decrease) in cash and cash equivalents | (13,958) | 4 | (13) | (13,967) |
| Cash and cash equivalents, beginning of period | 229,004 | 11 | 167 | 229,182 |
| Cash and cash equivalents, end of period | \$215,046 | \$15 | \$154 | \$215,215 |

TITAN INTERNATIONAL, INC
Notes to Consolidated Condensed Financial Statements
(Unaudited)

22. SUBSIDIARY GUARANTOR FINANCIAL INFORMATION

The Company's 7.875% senior secured notes are guaranteed by the following subsidiaries of the Company: Titan Tire Corporation, Titan Tire Corporation of Bryan, Titan Tire Corporation of Freeport, and Titan Wheel Corporation of Illinois. The note guarantees are full and unconditional, joint and several obligations of the guarantors. The following condensed consolidating financial statements are presented using the equity method of accounting. Certain sales & marketing expenses recorded by non-guarantor subsidiaries have not been allocated to the guarantor subsidiaries.

Consolidating Condensed Statements of Operations

(Amounts in thousands)

For the Three Months Ended March 31, 2011

| | Titan Intl., Inc. (Parent) | Guarantor Subsidiaries | Non- Guarantor Subsidiaries | Eliminations | Consolidated |
|--|----------------------------------|---------------------------|-----------------------------------|--------------|--------------|
| Net sales | \$0 | \$274,961 | \$5,868 | \$0 | \$280,829 |
| Cost of sales | 361 | 217,995 | 6,201 | 0 | 224,557 |
| Gross profit (loss) | (361) | 56,966 | (333) | 0 | 56,272 |
| Selling, general and administrative expenses | 15,405 | 2,649 | 7,239 | 0 | 25,293 |
| Research and development expenses | 0 | 1,183 | 0 | 0 | 1,183 |
| Royalty expense | 0 | 2,917 | 0 | 0 | 2,917 |
| Income (loss) from operations | (15,766) | 50,217 | (7,572) | 0 | 26,879 |
| Interest expense | (6,280) | 0 | 0 | 0 | (6,280) |
| Noncash convertible debt conversion charge | (16,135) | 0 | 0 | 0 | (16,135) |
| Other income (expense) | 317 | (235) | 111 | 0 | 193 |
| Income (loss) before income taxes | (37,864) | 49,982 | (7,461) | 0 | 4,657 |
| Provision (benefit) for income taxes | (8,039) | 18,493 | (2,761) | 0 | 7,693 |
| Equity in earnings of subsidiaries | 26,789 | (60) | 60 | (26,789) | 0 |
| Net income (loss) | \$(3,036) | \$31,429 | \$(4,640) | \$(26,789) | \$(3,036) |

Consolidating Condensed Statements of Operations

(Amounts in thousands)

For the Three Months Ended March 31, 2010

| | Titan Intl., Inc. (Parent) | Guarantor Subsidiaries | Non- Guarantor Subsidiaries | Eliminations | Consolidated |
|--|----------------------------------|---------------------------|-----------------------------------|--------------|--------------|
| Net sales | \$0 | \$192,458 | \$3,990 | \$0 | \$196,448 |
| Cost of sales | 1,324 | 163,000 | 6,037 | 0 | 170,361 |
| Gross profit (loss) | (1,324) | 29,458 | (2,047) | 0 | 26,087 |
| Selling, general and administrative expenses | 4,864 | 2,255 | 4,690 | 0 | 11,809 |
| Research and development expenses | 0 | 1,955 | 72 | 0 | 2,027 |
| Royalty expense | 0 | 2,121 | 0 | 0 | 2,121 |
| Income (loss) from operations | (6,188) | 23,127 | (6,809) | 0 | 10,130 |
| Interest expense | (7,056) | 0 | 0 | 0 | (7,056) |
| Other income (expense) | 290 | 27 | 16 | 0 | 333 |
| Income (loss) before income taxes | (12,954) | 23,154 | (6,793) | 0 | 3,407 |

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| | | | | | |
|--------------------------------------|----------|-----------|------------|------------|----------|
| Provision (benefit) for income taxes | (5,052) | 9,030 | (2,649) | 0 | 1,329 |
| Equity in earnings of subsidiaries | 9,980 | (88) | 88 | (9,980) | 0 |
| Net income (loss) | \$2,078 | \$ 14,036 | \$(4,056) | \$(9,980) | \$ 2,078 |

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TITAN INTERNATIONAL, INC
Notes to Consolidated Condensed Financial Statements
(Unaudited)

Consolidating Condensed Balance Sheets

(Amounts in thousands)

| | March 31, 2011 | | | | |
|---|---|--|-----------------------------------|-----------------------------|-----------------------------|
| | Titan Intl., Inc. (Parent) As Restated | Guarantor Subsidiaries As Restated | Non- Guarantor Subsidiaries | Eliminations As Restated | Consolidated As Restated |
| Assets | | | | | |
| Cash and cash equivalents | \$ 229,924 | \$ 4 | \$ 120 | \$ 0 | \$ 230,048 |
| Accounts receivable | 0 | 134,786 | 4,239 | 0 | 139,025 |
| Inventories | 0 | 109,461 | 14,379 | 0 | 123,840 |
| Prepaid and other current assets | 17,312 | 16,018 | 741 | 0 | 34,071 |
| Total current assets | 247,236 | 260,269 | 19,479 | 0 | 526,984 |
| Property, plant and equipment, net | 7,667 | 213,858 | 20,539 | 0 | 242,064 |
| Investment in subsidiaries | 55,854 | 9,057 | 10 | (64,921) | 0 |
| Other assets | 21,573 | 1,060 | 26,699 | 0 | 49,332 |
| Total assets | \$ 332,330 | \$ 484,244 | \$ 66,727 | \$ (64,921) | \$ 818,380 |
| Liabilities and Stockholders' Equity | | | | | |
| Accounts payable | \$ 790 | \$ 42,779 | \$ 1,617 | \$ 0 | \$ 45,186 |
| Other current liabilities | 20,332 | 42,331 | 2,884 | 0 | 65,547 |
| Total current liabilities | 21,122 | 85,110 | 4,501 | 0 | 110,733 |
| Long-term debt | 312,881 | 0 | 0 | 0 | 312,881 |
| Other long-term liabilities | 16,674 | 27,609 | 5,910 | 0 | 50,193 |
| Intercompany accounts | (362,920) | 118,341 | 244,579 | 0 | 0 |
| Stockholders' equity | 344,573 | 253,184 | (188,263) | (64,921) | 344,573 |
| Total liabilities and stockholders' equity | \$ 332,330 | \$ 484,244 | \$ 66,727 | \$ (64,921) | \$ 818,380 |

Consolidating Condensed Balance Sheets

(Amounts in thousands)

| | December 31, 2010 | | | | |
|------------------------------------|---|--|-----------------------------------|-----------------------------|-----------------------------|
| | Titan Intl., Inc. (Parent) As Restated | Guarantor Subsidiaries As Restated | Non- Guarantor Subsidiaries | Eliminations As Restated | Consolidated As Restated |
| Assets | | | | | |
| Cash and cash equivalents | \$ 239,362 | \$ 3 | \$ 135 | \$ 0 | \$ 239,500 |
| Accounts receivable | 0 | 85,335 | 3,669 | 0 | 89,004 |
| Inventories | 0 | 103,265 | 14,878 | 0 | 118,143 |
| Prepaid and other current assets | 17,981 | 15,937 | 785 | 0 | 34,703 |
| Total current assets | 257,343 | 204,540 | 19,467 | 0 | 481,350 |
| Property, plant and equipment, net | 7,678 | 218,999 | 21,377 | 0 | 248,054 |
| Investment in subsidiaries | 33,464 | 9,057 | 10 | (42,531) | 0 |
| Other assets | 22,183 | 869 | 28,424 | 0 | 51,476 |
| Total assets | \$ 320,668 | \$ 433,465 | \$ 69,278 | \$ (42,531) | \$ 780,880 |

| Liabilities and Stockholders' Equity | | | | | |
|--|------------|------------|------------|--------------|------------|
| Accounts payable | \$ 1,406 | \$ 32,305 | \$ 1,570 | \$ 0 | \$ 35,281 |
| Other current liabilities | 16,066 | 38,689 | 2,317 | 0 | 57,072 |
| Total current liabilities | 17,472 | 70,994 | 3,887 | 0 | 92,353 |
| Long-term debt | 373,564 | 0 | 0 | 0 | 373,564 |
| Other long-term liabilities | 8,855 | 28,083 | 5,994 | 0 | 42,932 |
| Intercompany accounts | (351,254) | 106,523 | 244,731 | 0 | 0 |
| Stockholders' equity | 272,031 | 227,865 | (185,334) | (42,531) | 272,031 |
| Total liabilities and stockholders' equity | \$ 320,668 | \$ 433,465 | \$ 69,278 | \$ (42,531) | \$ 780,880 |

TITAN INTERNATIONAL, INC
Notes to Consolidated Condensed Financial Statements
(Unaudited)

Consolidating Condensed Statements of Cash Flows

(Amounts in thousands)

For the Three Months Ended March 31, 2011

| | Titan Intl., Inc. (Parent) | Guarantor Subsidiaries | Non- Guarantor Subsidiaries | Consolidated |
|--|----------------------------------|---------------------------|-----------------------------------|--------------|
| Net cash provided by (used for) operating activities | \$(8,115) | \$2,487 | \$33 | \$ (5,595) |
| Cash flows from investing activities: | | | | |
| Capital expenditures | (312) | (3,100) | (57) | (3,469) |
| Other, net | 0 | 614 | 9 | 623 |
| Net cash used for investing activities | (312) | (2,486) | (48) | (2,846) |
| Cash flows from financing activities: | | | | |
| Repurchase of senior unsecured notes | (1,064) | 0 | 0 | (1,064) |
| Proceeds from exercise of stock option | 230 | 0 | 0 | 230 |
| Dividends paid | (177) | 0 | 0 | (177) |
| Net cash used for financing activities | (1,011) | 0 | 0 | (1,011) |
| Net increase (decrease) in cash and cash equivalents | (9,438) | 1 | (15) | (9,452) |
| Cash and cash equivalents, beginning of period | 239,362 | 3 | 135 | 239,500 |
| Cash and cash equivalents, end of period | \$229,924 | \$4 | \$120 | \$230,048 |

Consolidating Condensed Statements of Cash Flows

(Amounts in thousands)

For the Three Months Ended March 31, 2010

| | Titan Intl., Inc. (Parent) | Guarantor Subsidiaries | Non- Guarantor Subsidiaries | Consolidated |
|--|----------------------------------|---------------------------|-----------------------------------|--------------|
| Net cash provided by (used for) operating activities | \$(13,596) | \$3,382 | \$75 | \$ (10,139) |
| Cash flows from investing activities: | | | | |
| Capital expenditures | 0 | (3,384) | (124) | (3,508) |
| Other, net | 0 | 8 | 34 | 42 |
| Net cash used for investing activities | 0 | (3,376) | (90) | (3,466) |
| Cash flows from financing activities: | | | | |
| Payment of financing fees | (186) | 0 | 0 | (186) |
| Dividends paid | (176) | 0 | 0 | (176) |
| Net cash used for financing activities | (362) | 0 | 0 | (362) |
| Net increase (decrease) in cash and cash equivalents | (13,958) | 6 | (15) | (13,967) |
| Cash and cash equivalents, beginning of period | 229,004 | 8 | 170 | 229,182 |
| Cash and cash equivalents, end of period | \$215,046 | \$14 | \$155 | \$215,215 |

TITAN INTERNATIONAL, INC.
Management's Discussion and Analysis of
Financial Condition and Results of Operations

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis of financial condition and results of operations (MD&A) is designed to provide a reader of these financial statements with a narrative from the perspective of the management of Titan International, Inc. (Titan or the Company) on Titan's financial condition, results of operations, liquidity and other factors which may affect the Company's future results. The MD&A in this quarterly report should be read in conjunction with the MD&A in Titan's amended 2010 annual report on Form 10-K/A filed with the Securities and Exchange Commission on November 9, 2011.

FORWARD-LOOKING STATEMENTS

This Form 10-Q/A contains forward-looking statements, including statements regarding, among other items:

- Anticipated trends in the Company's business
- Future expenditures for capital projects
- The Company's ability to continue to control costs and maintain quality
- Ability to meet financial covenants and conditions of loan agreements
- The Company's business strategies, including its intention to introduce new products
- Expectations concerning the performance and success of the Company's existing and new products
- The Company's intention to consider and pursue acquisition and divestiture opportunities

Readers of this Form 10-Q/A should understand that these forward-looking statements are based on the Company's expectations and are subject to a number of risks and uncertainties (including, but not limited to, the factors discussed in Item 1A. Risk Factors of the Company's most recent annual report on Form 10-K), certain of which are beyond the Company's control.

Actual results could differ materially from these forward-looking statements as a result of certain factors, including:

- The effect of a recession on the Company and its customers and suppliers
- Changes in the Company's end-user markets as a result of world economic or regulatory influences
- Changes in the marketplace, including new products and pricing changes by the Company's competitors
- Ability to maintain satisfactory labor relations
- Unfavorable outcomes of legal proceedings
- Availability and price of raw materials

- Levels of operating efficiencies
- Unfavorable product liability and warranty claims
- Actions of domestic and foreign governments
- Results of investments
- Laws and regulations related to climate change
- Risks associated with environmental laws and regulations

Any changes in such factors could lead to significantly different results. The Company cannot provide any assurance that the assumptions referred to in the forward-looking statements or otherwise are accurate or will prove to transpire. Any assumptions that are inaccurate or do not prove to be correct could have a material adverse effect on the Company's ability to achieve the results as indicated in forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks and uncertainties, there can be no assurance that the forward-looking information contained in this document will in fact transpire.

TITAN INTERNATIONAL, INC.
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OVERVIEW

Titan International, Inc. and its subsidiaries are leading manufacturers of wheels, tires and assemblies for off-highway vehicles used in the agricultural, earthmoving/construction and consumer markets. Titan manufactures both wheels and tires for the majority of these market applications, allowing the Company to provide the value-added service of delivering complete wheel and tire assemblies. The Company offers a broad range of products that are manufactured in relatively short production runs to meet the specifications of original equipment manufacturers (OEMs) and/or the requirements of aftermarket customers.

Agricultural Market: Titan's agricultural rims, wheels and tires are manufactured for use on various agricultural and forestry equipment, including tractors, combines, skidders, plows, planters and irrigation equipment, and are sold directly to OEMs and to the aftermarket through independent distributors, equipment dealers and Titan's own distribution centers.

Earthmoving/Construction Market: The Company manufactures rims, wheels and tires for various types of off-the-road (OTR) earthmoving, mining, military and construction equipment, including skid steers, aerial lifts, cranes, graders and levelers, scrapers, self-propelled shovel loaders, articulated dump trucks, load transporters, haul trucks and backhoe loaders.

Consumer Market: Titan builds select products for all-terrain vehicles (ATV), turf, golf and trailer applications. The Company provides wheels/tires and assembles brakes, actuators and components for the domestic boat, recreational and utility trailer markets.

The Company's major OEM customers include large manufacturers of off-highway equipment such as AGCO Corporation, CNH Global N.V., Deere & Company and Kubota Corporation, in addition to many other off-highway equipment manufacturers. The Company distributes products to OEMs, independent and OEM-affiliated dealers, and through a network of distribution facilities.

The table provides highlights for the quarter ended March 31, 2011, compared to 2010 (amounts in thousands):

| | Three months ended | | % Increase | |
|------------------------|--------------------|-----------|------------|-----|
| | March 31, | | | |
| | 2011 | 2010 | | |
| Net sales | \$280,829 | \$196,448 | 43 | % |
| Gross profit | 56,272 | 26,087 | 116 | % |
| Income from operations | 26,879 | 10,130 | 165 | % |
| Net income (loss) | (3,036) | 2,078 | | n/a |

The Company recorded sales of \$280.8 million for the first quarter of 2011, which were 43% higher than the first quarter 2010 sales of \$196.4 million. The Company's gross profit was \$56.3 million, or 20.0% of net sales, for the first quarter of 2011, compared to \$26.1 million, or 13.3% of net sales, in 2010. Income from operations was \$26.9 million for the first quarter of 2011, compared to \$10.1 million in 2010. Net loss was \$(3.0) million for the quarter, compared to net income of \$2.1 million in 2010. Basic loss per share was \$(.07) in the first quarter of 2011, compared to earnings per share of \$.06 in 2010. Net income (loss) and earnings per share were negatively affected by the noncash convertible debt conversion charge of \$16.1 million.

COLLECTIVE BARGAINING AGREEMENTS

The labor agreements for the Company's Bryan, Ohio and Freeport, Illinois, facilities expired on November 19, 2010, for the employees covered by their respective collective bargaining agreements, which account for approximately 30% of Titan employees in the United States. As of March 31, 2011, the employees of these two facilities were working without a contract under the terms of the Company's latest offer. The respective unions have retained their rights to challenge the Company's actions.

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CRITICAL ACCOUNTING ESTIMATES

Preparation of the financial statements and related disclosures in compliance with accounting principles generally accepted in the United States of America requires the application of appropriate technical accounting rules and guidance, as well as the use of estimates. The Company's application of these policies involves assumptions that require difficult subjective judgments regarding many factors, which, in and of themselves, could materially impact the financial statements and disclosures. A future change in the estimates, assumptions or judgments applied in determining the following matters, among others, could have a material impact on future financial statements and disclosures.

Asset and Business Acquisitions

The allocation of purchase price for asset and business acquisitions requires management estimates and judgment as to expectations for future cash flows of the acquired assets and business and the allocation of those cash flows to identifiable intangible assets in determining the estimated fair value for purchase price allocations. If the actual results differ from the estimates and judgments used in determining the purchase price allocations, impairment losses could occur. To aid in establishing the value of any intangible assets at the time of acquisition, the Company typically engages a professional appraisal firm.

Inventories

Inventories are valued at lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method for approximately 63% of inventories and the last-in, first-out (LIFO) method for approximately 37% of inventories. The major rubber material inventory and related work-in-process and their finished goods are accounted for under the FIFO method. The major steel material inventory and related work-in-process and their finished goods are accounted for under the LIFO method. Market value is estimated based on current selling prices. Estimated provisions are established for excess and obsolete inventory. Should experience change, additional estimated provisions would be necessary.

Income Taxes

Deferred income tax provisions are determined using the liability method whereby deferred tax assets and liabilities are recognized based upon temporary differences between the financial statement and income tax basis of assets and liabilities. The Company assesses the realizability of its deferred tax positions and recognizes and measures uncertain tax positions in accordance with ASC 740 Income Taxes.

Retirement Benefit Obligations

Pension benefit obligations are based on various assumptions used by third-party actuaries in calculating these amounts. These assumptions include discount rates, expected return on plan assets, mortality rates and other factors. Revisions in assumptions and actual results that differ from the assumptions affect future expenses, cash funding requirements and obligations. The Company has three frozen defined benefit pension plans and one defined benefit plan that previously purchased a final annuity settlement. During the first three months of 2011, the Company contributed cash funds of \$0.4 million to its frozen pension plans. Titan expects to contribute approximately \$2 million to these frozen defined benefit pension plans during the remainder of 2011. For more information concerning these costs and obligations, see the discussion of the "Pensions" and Note 20 to the Company's financial statements on Form 10-K for the fiscal year ended December 31, 2010.

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CONVERTIBLE SENIOR SUBORDINATED NOTES CONVERSION

In the first quarter of 2011, the Company closed an Exchange Agreement with a note holder of the convertible notes, pursuant to which such holder exchanged approximately \$59.6 million in aggregate principal amount of the Convertible Notes for approximately 6.6 million shares of the Company's common stock, plus a payment for the accrued and unpaid interest. In connection with the exchange, the Company recognized a noncash charge of \$16.1 million in accordance with ASC 470-20 Debt – Debt with Conversion and Other Options.

DISCHARGE OF SENIOR UNSECURED NOTES

In the first quarter of 2011, Titan satisfied and discharged the indenture relating to the 8% senior unsecured notes due January 2012 by depositing with the trustee \$1.1 million cash representing the outstanding principal of such notes and interest payments due on July 15, 2011, and at maturity on January 15, 2012. Titan irrevocably instructed the trustee to apply the deposited money toward the interest and principal of the notes.

SUBSEQUENT EVENTS

Purchase of Goodyear's Latin American Farm Tire Business

On April 1, 2011, Titan closed on the acquisition of The Goodyear Tire & Rubber Company's Latin American farm tire business for approximately \$98.6 million U.S. dollars, subject to post-closing conditions and adjustments. The transaction includes Goodyear's Sao Paulo, Brazil manufacturing plant, property, equipment and inventories and a licensing agreement that allows Titan to sell Goodyear-brand farm tires in Latin America for seven years and extends the North American licensing agreement for seven years.

RESULTS OF OPERATIONS

Highlights for the three months ended March 31, 2011, compared to 2010 (amounts in thousands):

| | Three months ended March 31, | | | |
|---------------------|------------------------------|------|---------|---|
| | 2011 | 2010 | | |
| Net sales | \$280,829 | \$ | 196,448 | |
| Cost of sales | 224,557 | | 170,361 | |
| Gross profit | \$56,272 | \$ | 26,087 | |
| Gross profit margin | 20.0 | % | 13.3 | % |

Net Sales

Net sales for the quarter ended March 31, 2011, were \$280.8 million, compared to \$196.4 million in 2010. The increase in net sales was the result of continued strong demand in the agricultural segment, increasing demand in the earthmoving/construction segment, and pricing/mix improvements which were primarily the result of increased raw material prices that were passed to customers.

Cost of Sales and Gross Profit

Cost of sales was \$224.6 million for the first quarter of 2011, compared to \$170.4 million in 2010. The higher cost of sales resulted from the significant increase in the quarterly sales levels and increased raw material prices.

Gross profit for the first quarter of 2011 was \$56.3 million, or 20.0% of net sales, compared to \$26.1 million, or 13.3% of net sales, for the first quarter of 2010. The Company's gross profit benefitted from improved plant utilization

resulting from the higher sales levels.

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Selling, General and Administrative Expenses

Selling, general and administrative expenses were as follows (amounts in thousands):

| | Three months ended March 31, | | | |
|-------------------------------------|---------------------------------|---|----------|---|
| | 2011 | | 2010 | |
| Selling, general and administrative | \$25,293 | | \$11,809 | |
| Percentage of net sales | 9.0 | % | 6.0 | % |

Selling, general and administrative (SG&A) expenses for the first quarter of 2011 were \$25.3 million, or 9.0% of net sales, compared to \$11.8 million, or 6.0% of net sales, for 2010. The higher SG&A expenses were primarily the result of higher selling and marketing expenses primarily related to the increased sales levels and an increase in the accrual for the CEO special performance award due to a rise in the Company's stock price. Selling and marketing expenses were approximately \$2 million higher in the first quarter of 2011, when compared to 2010, primarily due to increased sales levels. Expenses recorded for CEO special performance award were approximately \$9 million higher in the first quarter of 2011, when compared to 2010.

Research and Development Expenses

Research and development expenses were as follows (amounts in thousands):

| | Three months ended March 31, | | | |
|--------------------------|---------------------------------|---|---------|---|
| | 2011 | | 2010 | |
| Research and development | \$1,183 | | \$2,027 | |
| Percentage of net sales | 0.4 | % | 1.0 | % |

Research and development (R&D) expenses were \$1.2 million, or 0.4% of net sales, for the first quarter of 2011 as compared to \$2.0 million, or 1.0% of net sales, for the first quarter of 2010. The lower R&D costs recorded during the first quarter of approximately \$0.8 million primarily resulted from less R&D related to the giant off-the-road (OTR) products.

Royalty Expense

Royalty expense was as follows (amounts in thousands):

| | Three months ended March 31, | | | |
|-----------------|---------------------------------|--|---------|--|
| | 2011 | | 2010 | |
| Royalty expense | \$2,917 | | \$2,121 | |

The Company has a trademark license agreement with The Goodyear Tire & Rubber Company to manufacture and sell certain off-highway tires in North America under the Goodyear name. Royalty expenses were \$2.9 million and \$2.1 million for the first quarter of 2011 and 2010, respectively. As sales subject to the license agreement increased in the first quarter of 2011, the Company's royalty expense increased accordingly.

Income from Operations

Income from operations was as follows (amounts in thousands):

Three months ended March
31,

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| | 2011 | | 2010 | |
|-------------------------|----------|---|----------|---|
| Income from operations | \$26,879 | | \$10,130 | |
| Percentage of net sales | 9.6 | % | 5.2 | % |

Income from operations for the first quarter of 2011 was \$26.8 million, or 9.6% of net sales, compared to \$10.1 million, or 5.2% of net sales, in 2010.

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Interest Expense

Interest expense was as follows (amounts in thousands):

| | Three months ended March 31, | |
|------------------|---------------------------------|---------|
| | 2011 | 2010 |
| Interest expense | \$6,280 | \$7,056 |

Interest expense was \$6.3 million for the first quarter of 2011, compared to \$7.1 million in 2010. The Company's interest expense for the first quarter of 2011 decreased from the previous year primarily as a result of the repurchase of 8% senior unsecured notes in 2010 and the exchange agreement for 5.625% convertible senior subordinated notes in the first quarter of 2011, offset by interest recorded for the 7.875% senior secured notes issued in the fourth quarter of 2010.

Noncash Convertible Debt Conversion Charge

Noncash convertible debt conversion charge was as follows (amounts in thousands):

| | Three months ended March 31, | |
|--|---------------------------------|------|
| | 2011 | 2010 |
| Noncash convertible debt conversion charge | \$16,135 | \$0 |

In the first quarter of 2011, the Company closed an exchange agreement converting approximately \$59.6 million of the 5.625% convertible notes into approximately 6.6 million shares of the Company's common stock. In connection with the exchange, the Company recognized a noncash charge of \$16.1 million in accordance with ASC 470-20 Debt – Debt with Conversion and Other Options.

Other Income

Other income was as follows (amounts in thousands):

| | Three months ended March 31, | |
|--------------|---------------------------------|-------|
| | 2011 | 2010 |
| Other income | \$193 | \$333 |

Other income for the first quarter of 2011 was \$0.2 million, compared to \$0.3 million in 2010.

Income Taxes

Income taxes were as follows (amounts in thousands):

| | Three months ended March 31, | |
|--------------------|---------------------------------|---------|
| | 2011 | 2010 |
| Income tax expense | \$7,693 | \$1,329 |

The Company recorded income tax expense of \$7.7 million and \$1.3 million for the quarters ended March 31, 2011 and 2010, respectively. The Company's effective income tax rate was 165% and 39% for the three months ended March 31, 2011 and 2010, respectively. The Company's 2011 income tax expense and rate differs from the amount of

income tax determined by applying the U.S. Federal income tax rate to pre-tax income primarily as a result of the \$16.1 million noncash charge taken in connection with the Company's convertible debt. This noncash charge is not deductible for income tax purposes.

TITAN INTERNATIONAL, INC.
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Net Income (Loss)

Net income (loss) was as follows (amounts in thousands):

| | Three months ended March 31, | |
|-------------------|---------------------------------|-----------|
| | 2011 | 2010 |
| Net income (loss) | \$(3,036 |) \$2,078 |

Net loss for the first quarter of 2011 was \$(3.0) million, compared to net income of \$2.1 million in 2010. Basic and diluted loss per share were each \$(.07) for the first quarter of 2011, compared to earnings per share of \$.06 in the first quarter of 2010.

Agricultural Segment Results

Agricultural segment results were as follows (amounts in thousands):

| | Three months ended March 31, | |
|------------------------|---------------------------------|-----------|
| | 2011 | 2010 |
| Net sales | \$209,997 | \$151,112 |
| Gross profit | 47,700 | 23,890 |
| Income from operations | 42,868 | 19,955 |

Net sales in the agricultural market were \$210.0 million for the first quarter of 2011, as compared to \$151.1 million in 2010. Sales of agricultural product increased approximately 39% when compared to the first quarter of 2010. The increase in net sales was the result of continued strong demand and pricing/mix improvements which were primarily the result of increased raw material prices that were passed to customers.

Gross profit in the agricultural market was \$47.7 million, or 22.7% of net sales, for the first quarter of 2011, compared to \$23.9 million, or 15.8% of net sales, in 2010. The Company's gross profit benefitted from improved plant utilization resulting from the higher sales levels. Income from operations in the agricultural market was \$42.9 million for the first quarter of 2011, compared to \$20.0 million for the first quarter of 2010.

Earthmoving/Construction Segment Results

Earthmoving/Construction segment results were as follows (amounts in thousands):

| | Three months ended March 31, | |
|------------------------|---------------------------------|----------|
| | 2011 | 2010 |
| Net sales | \$66,511 | \$41,815 |
| Gross profit | 8,195 | 3,150 |
| Income from operations | 6,288 | 690 |

The Company's earthmoving/construction market net sales were \$66.5 million for the first quarter of 2011, as compared to \$41.8 million in 2010. Sales of earthmoving/construction product increased approximately 59% when compared to the first quarter of 2010. The increase in net sales was the result of increasing demand and pricing/mix improvements which were primarily the result of increased raw material prices that were passed to customers. The Company continues to see an increase in demand in the earthmoving/construction segment.

Gross profit in the earthmoving/construction market was \$8.2 million, or 12.3% of net sales, for the first quarter of 2011, as compared to \$3.2 million, or 7.5% of nets sales, in 2010. The Company's gross profit benefitted from improved plant utilization resulting from the higher sales levels. Income from operations in the earthmoving/construction market was \$6.3 million for the first quarter of 2011 versus \$0.7 million in 2010.

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Consumer Segment Results

Consumer segment results were as follows (amounts in thousands):

| | Three months ended March 31, | |
|------------------------|---------------------------------|---------|
| | 2011 | 2010 |
| Net sales | \$4,321 | \$3,521 |
| Gross profit | 1,002 | 668 |
| Income from operations | 916 | 581 |

Consumer market net sales were \$4.3 million for the first quarter of 2011, as compared to \$3.5 million in 2010. The sales of the consumer market segment have shown an improvement over 2010 sales which were affected by a sustained contraction in consumer discretionary spending.

Gross profit from the consumer market was \$1.0 million for the first quarter of 2011, as compared to \$0.7 million in 2010. Consumer market income from operations was \$0.9 million for the first quarter of 2011 versus \$0.6 million in 2010.

Segment Summary (amounts in thousands)

| Three months ended March 31, 2011 | Agriculture | Earthmoving/Construction | Consumer | Corporate Expenses | Consolidated Totals |
|--|-------------|--------------------------|----------|--------------------|---------------------|
| Net sales | \$209,997 | \$ 66,511 | \$4,321 | \$ 0 | \$ 280,829 |
| Gross profit (loss) | 47,700 | 8,195 | 1,002 | (625) | 56,272 |
| Income (loss) from operations | 42,868 | 6,288 | 916 | (23,193) | 26,879 |
| Three months ended March 31, 2010 | | | | | |
| Net sales | \$151,112 | \$ 41,815 | \$3,521 | \$ 0 | \$ 196,448 |
| Gross profit (loss) | 23,890 | 3,150 | 668 | (1,621) | 26,087 |
| Income (loss) from operations | 19,955 | 690 | 581 | (11,096) | 10,130 |

Corporate Expenses

Income from operations on a segment basis does not include corporate expenses or depreciation and amortization expense related to property, plant and equipment carried at the corporate level totaling \$23.2 million for the first quarter of 2011, as compared to \$11.1 million for the first quarter of 2010.

Corporate expenses for the first quarter of 2011 were composed of selling and marketing expenses of approximately \$6 million and administrative expenses of approximately \$17 million.

Corporate expenses for the first quarter of 2010 were composed of selling and marketing expenses of approximately \$4 million and administrative expenses of approximately \$7 million.

Corporate selling and marketing expenses were approximately \$2 million higher in the first quarter as the result of the higher sales levels. Corporate administrative expenses were approximately \$10 million higher in the first quarter of 2011 primarily as the result of an increase in the CEO special performance award due to a rise in the Company's stock price.

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MARKET RISK SENSITIVE INSTRUMENTS

The Company's risks related to foreign currencies, commodity prices and interest rates are consistent with those for 2010. For more information, see the "Market Risk Sensitive Instruments" discussion in the Company's Form 10-K for the fiscal year ended December 31, 2010.

PENSIONS

The Company has three frozen defined benefit pension plans and one defined benefit plan that previously purchased a final annuity settlement. These plans are described in Note 20 of the Company's Notes to Consolidated Financial Statements in the 2010 Annual Report on Form 10-K.

The Company's recorded liability for pensions is based on a number of assumptions, including discount rates, rates of return on investments, mortality rates and other factors. Certain of these assumptions are determined by the Company with the assistance of outside actuaries. Assumptions are based on past experience and anticipated future trends. These assumptions are reviewed on a regular basis and revised when appropriate. Revisions in assumptions and actual results that differ from the assumptions affect future expenses, cash funding requirements and the carrying value of the related obligations. Titan expects to contribute approximately \$2 million to these frozen defined pension plans during the remainder of 2011.

LIQUIDITY AND CAPITAL RESOURCES**Cash Flows**

As of March 31, 2011, the Company had \$230.0 million of cash balances within various bank accounts. This cash balance decreased by \$9.5 million from December 31, 2010, due to the following cash flow items.

(amounts in thousands)

| | March 31, 2011 | December 31, 2010 |
|------|-------------------|-------------------------|
| Cash | \$230,048 | \$239,500 |

Operating cash flows

Summary of cash flows from operating activities:

| (amounts in thousands) | Three months ended | | |
|--|--------------------|-------------|------------|
| | March 31, 2011 | 2010 | Change |
| Net income (loss) | \$(3,036) | \$2,078 | \$(5,114) |
| Noncash convertible debt conversion charge | 16,135 | 0 | 16,135 |
| Depreciation and amortization | 9,299 | 9,281 | 18 |
| Deferred income tax provision | 7,415 | 1,275 | 6,140 |
| Accounts receivable | (50,021) | (34,789) | (15,232) |
| Inventories | (5,697) | (19,462) | 13,765 |
| Accounts payable | 9,905 | 22,432 | (12,527) |
| Other operating activities | 10,405 | 9,046 | 1,359 |
| Cash used for operating activities | \$(5,595) | \$(10,139) | \$4,544 |

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For the first quarter of 2011, operating activities used cash of \$5.6 million. This cash was primarily used by increases in accounts receivable and inventory of \$50.0 million and \$5.7 million, respectively, offset by higher accounts payable of \$9.9 million. Included in net loss of \$(3.0) million was a noncash convertible debt conversion charge of \$16.1 million, as well as noncash charges of \$9.3 million for depreciation and amortization and a \$7.4 million deferred income tax provision.

In the first quarter of 2010, operating activities used cash of \$10.1 million. This cash was primarily used by increases in accounts receivable and inventory of \$34.8 million and \$19.5 million, respectively, offset by higher accounts payable of \$22.4 million. Net income of \$2.1 million included \$9.3 million of noncash charges for depreciation and amortization. Deferred tax assets were reduced by \$1.3 million as the Company used first quarter 2010 income to reduce the deferred tax asset for previously recorded net operating losses.

Operating cash flows increased \$4.5 million when comparing the first quarter of 2011 to the first quarter of 2010. This increase was largely the result of the noncash convertible debt conversion charge of \$16.1 million and inventories increasing \$13.8 million. These increases in cash flows were offset by decreases in cash flow from accounts receivable of \$15.2 million and accounts payable of \$12.5 million. The significant increase in accounts receivable is the result of increased sales of approximately 21% when comparing first quarter 2011 to the previous quarter (fourth quarter 2010).

Investing cash flows

Summary of cash flows from investing activities:

| (amounts in thousands) | Three months ended March 31, | | |
|------------------------------------|---------------------------------|------------|--------|
| | 2011 | 2010 | Change |
| Capital expenditures | \$(3,469) | \$(3,508) | \$39 |
| Other investing activities | 623 | 42 | 581 |
| Cash used for investing activities | \$(2,846) | \$(3,466) | \$620 |

Net cash used for investing activities was \$2.8 million in the first quarter of 2011, as compared to \$3.5 million in the first quarter of 2010. The Company invested a total of \$3.5 million in capital expenditures for both of the three months ended March 31, 2011 and 2010. The 2011 and the 2010 expenditures represent various equipment purchases and improvements to enhance production capabilities. The other investing activities are primarily the result of asset disposals.

Financing cash flows

Summary of cash flows from financing activities:

| (amounts in thousands) | Three months ended March 31, | | |
|---|---------------------------------|----------|------------|
| | 2011 | 2010 | Change |
| Repurchase of senior notes | \$(1,064) | \$0 | \$(1,064) |
| Proceeds from exercise of stock options | 230 | 0 | 230 |
| Payment of financing fees | 0 | (186) | 186 |
| Other financing activities | (177) | (176) | (1) |
| Cash used for financing activities | \$(1,011) | \$(362) | \$(649) |

For the first quarter of 2011, \$1.0 million of cash was used for financing activities. This cash was primarily used to repurchase \$1.1 million of senior notes.

In the first quarter of 2010, \$0.4 million of cash was used for financing activities.

Financing cash flows decreased \$0.6 million when comparing the first quarter of 2011 to the first quarter of 2010. This change was primarily the result of the repurchase of senior notes in the first quarter of 2011.

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Other Issues

The Company's business is subject to seasonal variations in sales that affect inventory levels and accounts receivable balances. Historically, Titan tends to experience higher sales demand in the first and second quarters.

Debt Covenants

The Company's revolving credit facility (credit facility) contains various covenants and restrictions. The financial covenants in this agreement require that:

- Collateral coverage be equal to or greater than 1.2 times the outstanding revolver balance.
- If the 30-day average of the outstanding revolver balance exceeds \$70 million, the fixed charge coverage ratio be equal to or greater than a 1.1 to 1.0 ratio.

Restrictions include:

- Limits on payments of dividends and repurchases of the Company's stock.
- Restrictions on the ability of the Company to make additional borrowings, or to consolidate, merge or otherwise fundamentally change the ownership of the Company.
- Limitations on investments, dispositions of assets and guarantees of indebtedness.
 - Other customary affirmative and negative covenants.

These covenants and restrictions could limit the Company's ability to respond to market conditions, to provide for unanticipated capital investments, to raise additional debt or equity capital, to pay dividends or to take advantage of business opportunities, including future acquisitions. The failure by Titan to meet these covenants could result in the Company ultimately being in default on these loan agreements.

The Company was in compliance with these covenants and restrictions as of March 31, 2011. The collateral coverage ratio was not applicable as there were no outstanding borrowings under the revolving credit facility at March 31, 2011. The fixed charge coverage ratio did not apply for the quarter ended March 31, 2011.

Liquidity Outlook

At March 31, 2011, the Company had \$230.0 million of cash and cash equivalents and no outstanding borrowings on the Company's \$100 million credit facility.

Capital expenditures for the remainder of 2011 are forecasted to be approximately \$13 million to \$15 million. Cash payments for interest are currently forecasted to be approximately \$11 million for the remainder of 2011 based on March 31, 2011, debt balances.

On April 1, 2011, Titan closed on the acquisition of The Goodyear Tire & Rubber Company's Latin American farm tire business for approximately \$98.6 million U.S. dollars, subject to post-closing conditions and adjustments. The Company funded the acquisition with cash on hand.

In the future, Titan may seek to grow by making acquisitions which will depend on the ability to identify suitable acquisition candidates, to negotiate acceptable terms for their acquisition and to finance those acquisitions.

Subject to the terms of indebtedness, the Company may finance future acquisitions with cash on hand, cash from operations, additional indebtedness and/or by issuing additional equity securities.

Cash on hand, anticipated internal cash flows from operations and utilization of remaining available borrowings are expected to provide sufficient liquidity for working capital needs, capital expenditures and potential acquisitions. If the Company were to exhaust all currently available working capital sources or not meet the financial covenants and conditions of its loan agreements, the Company's ability to secure additional funding would be negatively impacted.

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NEW ACCOUNTING STANDARDS

There have been no developments to recently issued accounting standards, including the expected dates of adoption and estimated effects on the Company's consolidated financial statements, from those disclosed in the Company's 2010 Annual Report on Form 10-K.

MARKET CONDITIONS AND OUTLOOK

In the first quarter of 2011, Titan experienced a significantly higher sales level when compared to the sales levels in the first quarter of 2010. The Company expects sales for the rest of 2011 to continue at strong levels.

Beginning April 1, 2011, the Company will see additional sales resulting from the acquisition of Goodyear's Latin American farm tire business. Total revenue for this business is running at approximately \$250 million annually which includes approximately \$125 million of farm product sales and approximately \$125 million of non-agriculture product that Titan will build for Goodyear under supply agreements.

Energy, raw material and petroleum-based product costs have been exceptionally volatile and may negatively impact the Company's margins. Many of Titan's overhead expenses are fixed; therefore, lower seasonal trends may cause negative fluctuations in quarterly profit margins and affect the financial condition of the Company.

The labor agreements for the Company's Bryan, Ohio and Freeport, Illinois, facilities expired on November 19, 2010, for the employees covered by their respective collective bargaining agreements, which account for approximately 30% of Titan employees in the United States. As of March 31, 2011, the employees of these two facilities were working without a contract under the terms of the Company's latest offer. The respective unions have retained their rights to challenge the Company's actions.

AGRICULTURAL MARKET OUTLOOK

Agricultural market sales were significantly higher in the first quarter 2011 when compared to the first quarter of 2010. Strong demand in the agricultural segment continued from the second half of 2010. Titan expects this strong demand to continue through 2011. For the rest of 2011, the addition of Goodyear's Latin American farm tire business will add significantly to agricultural sales. The increase in the global population and the rising middle class in emerging countries may help grow future demand. The gradual increase in the use of biofuels may help sustain future production. Many variables, including weather, grain prices, export markets and future government policies and payments can greatly influence the overall health of the agricultural economy.

EARTHMOVING/CONSTRUCTION MARKET OUTLOOK

Earthmoving and mining sales are improving from the low levels of the second half of 2009. Metals, oil and gas prices have increased from 2009's lows. Although they may fluctuate in the short-term, in the long-term, these prices are expected to remain at levels that are attractive for continued investment, which should help support future earthmoving and mining sales. The decline in the United States housing market continues to cause a lower demand for equipment used for construction. The earthmoving/construction segment is affected by many variables, including commodity prices, road construction, infrastructure, government appropriations, housing starts and the on-going banking and credit issues. For the remainder of 2011, the Company expects an improvement in sales to continue.

CONSUMER MARKET OUTLOOK

Consumer discretionary spending has experienced a major contraction as a result of on-going economic issues, housing market decline, and high unemployment rates. Many of the Company's consumer market sales are ultimately used in items which fall into the discretionary spending category. Many factors continue to affect the consumer

market including weather, competitive pricing, energy prices and consumer attitude. For the remainder of 2011, the Company expects small improvements in consumer spending related to Titan's consumer market.

TITAN INTERNATIONAL, INC.

PART I. FINANCIAL INFORMATION

Item 3. Quantitative and Qualitative Disclosures About Market Risk

See the Company's 2010 Annual Report filed on Form 10-K (Item 7A). There has been no material change in this information.

Item 4. Controls and Procedures

Restatement

On October 25, 2011, management of the Company and Titan's Audit Committee of the Board of Directors (Audit Committee) concluded that the Company's consolidated financial statements as of and for the year ended December 31, 2010, contained in its Annual Report on Form 10-K and the unaudited consolidated condensed financial statements for the first and second quarters of 2011 included in the Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2011 and June 30, 2011 should no longer be relied upon as a result of the error described in the following paragraph.

In the third quarter of 2008, the Company began manufacturing the first generation (Gen 1) of its super giant tires. In the fourth quarter of 2009, the Company ceased manufacturing Gen 1 tires due to the creation of the second generation (Gen 2) of super giant tires which began production in the first quarter of 2010. During the fourth quarter of 2010, the Company recorded a \$5.1 million charge to reduce the remaining Gen 1 tire inventory to an estimated market value of \$10.6 million. In October of 2011, the Company determined that the analysis performed in the fourth quarter of 2010 that created the \$5.1 million adjustment was not reflective of all the facts and circumstances that existed at December 31, 2010. After reconsidering the facts and circumstances that existed at December 31, 2010, the Company determined that the estimated market value of the Gen 1 tires that remained as of December 31, 2010 was \$0.7 million. Accordingly, the Company is restating its consolidated financial statements as of and for the year ended December 31, 2010 to reflect an additional charge of \$9.8 million for its Gen 1 inventory. In connection with this restatement, management determined there is a deficiency in the internal control relating to the valuation of Gen 1 inventory that should be classified as a material weakness.

Evaluation of Disclosure Controls and Procedures (Restated)

In the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, originally filed on April 27, 2011, the Company's principal executive officer and principal financial officer concluded the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) were effective as of March 31, 2011. In connection with the Company's decision to restate the March 31, 2011 consolidated condensed financial statements, the Company's principal executive officer and principal financial officer, re-evaluated the effectiveness of the design and operation of Titan's disclosure controls and procedures and have concluded that the Company's disclosure controls and procedures were not effective as of March 31, 2011, as a result of the material weakness related to the valuation of Gen 1 tires as discussed below.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statement will not be prevented or detected on a timely basis. Based on management's reassessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2010, management concluded that the Company's internal control over financial reporting was not effective as of December 31, 2010, due to the fact that there was a material weakness related to its accounting for inventory. Specifically, the Company's control with respect to its valuation of certain tire inventory (Gen 1) did not accurately calculate the decline in value

as of December 31, 2010. This control deficiency resulted in the restatement of the Company's 2010 annual consolidated financial statements and its interim financial information for the quarterly periods ended March 31 and June 30, 2011. If not remediated, this control deficiency could result in future material misstatement to inventory and cost of goods sold within the Company's financial statements.

TITAN INTERNATIONAL, INC.

PART I. FINANCIAL INFORMATION

Remediation Plan

Management and the Board of Directors are committed to the continued improvement of the Company's overall system of internal control over financial reporting. Management believes the remediation measures described below will remediate the identified control deficiency and strengthen the Company's internal control over financial reporting.

Management will implement the following measures to remediate the internal control deficiency with respect to its valuation of Gen 1 inventory.

- The methodology for computing the market value of the Gen 1 inventory will be re-evaluated to accurately calculate the market value of the Gen 1 inventory. To enhance this methodology, the Company will utilize more critical analysis of relevant market information used to determine inventory market value.
- When calculating the market value of the Gen 1 inventory, the Company will use input from a variety of Titan personnel including management, accounting, and sales, as well as any information available to Titan from outside sources.

Changes in Internal Controls

There were no material changes in internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the first quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Because of its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. Also, projections of any evaluations of the effectiveness to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

TITAN INTERNATIONAL, INC.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company is a party to routine legal proceedings arising out of the normal course of business. Although it is not possible to predict with certainty the outcome of these unresolved legal actions or the range of possible loss, the Company believes at this time that none of these actions, individually or in the aggregate, will have a material adverse effect on the consolidated financial condition, results of operations or cash flows of the Company. However, due to the difficult nature of predicting unresolved and future legal claims, the Company cannot anticipate or predict the material adverse effect on its consolidated financial condition, results of operations or cash flows as a result of efforts to comply with or its liabilities pertaining to legal judgments.

Item 1A. Risk Factors

See the Company's 2010 Annual Report filed on Form 10-K (Item 1A). There has been no material change in this information.

Item 6. Exhibits

- 31.1 Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32 Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TITAN INTERNATIONAL, INC.
(Registrant)

Date: November 9, 2011

By: /s/ MAURICE M. TAYLOR JR.
Maurice M. Taylor Jr.
Chairman and Chief Executive Officer
(Principal Executive Officer)

By: /s/ PAUL G. REITZ
Paul G. Reitz
Chief Financial Officer
(Principal Financial Officer)

